

# Montana Heritage Commission

## Sharing Montana History in Virginia City Nevada City Reeder's Alley



## 2008 - 2009 Biennial Report to the Montana Legislature



Montana's oldest  
commercial brewery  
is in Virginia City

# Director's Report



Paul Reichert  
Executive Director

**T**he discovery of gold, vigilante justice, and the transition from territory to statehood – Virginia City holds a special place in Montana history – and the nation's western settlement. Many Montana families can trace their roots to the people and events that shaped our state in this place. Once the largest town in Montana and the famed end of the Bozeman Trail, Virginia City became the community center of territorial society.

## Virginia City holds rich and significant historic



1000s of visitors enjoy Wallace St. today for an authentic Montana experience.



**Value to Montana and the nation.** Virginia City had the first public school, first commercial brewery, first county courthouse, first Masonic hall, first public water system, first African American owned business, first printed newspaper and many other firsts. Most of the buildings, sites and stories remain, intact, in much of their original condition – **making Virginia City the best preserved gold-rush era community in the country.**

This past year we have been planning for greater success. We are completing a master site plan for Virginia and Nevada Cities that will help direct future growth and development at the sites. This planning effort is a joint collaboration with the Town of Virginia City, Madison County, and the Montana History Foundation.

This Public and private planning effort will guide and prioritize future investments in site improvements.

**Protecting State-Owned Heritage Sites in  
Virginia City & Nevada City & Reeder's Alley**

**A** new DVD film was produced this year to tell the story of our historic sites and their significance to Montana. This film will be used for media, marketing, grant writing and private fundraising efforts by the MHC, Travel Montana, Montana State University and others. With renewed state funding and continued private support, we can use these historic assets for the benefit of all Montanans.

### **Our goal is simple: to be the leader in sustainable heritage tourism through;**

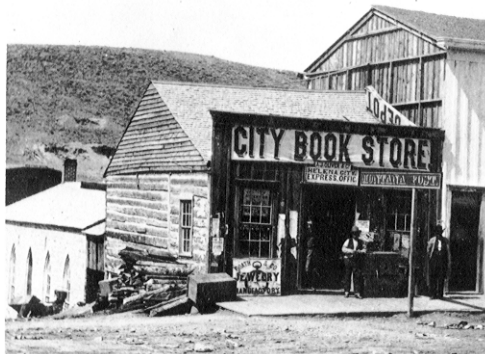
- Educational opportunities
- Preservation of Montana history
- Unique Visitor Experiences

As you read through this report you will notice a few things.

- ✓ We operate the most diverse state agency in Montana
- ✓ We have growth potential to expand our educational programs
- ✓ Volunteers add substantial value to the state's investment in the MHC
- ✓ The stage is set for future success in preservation, education and a renewed economic success story for Montana.

### **Our vision: to share a piece of real Montana history with every visitor.**

**In 1997, the Montana Legislature purchased many of the historic properties in Virginia and Nevada Cities from the Bovey family and created the Montana Heritage Commission to manage these sites—for the benefit of all Montana citizens.**



The Montana Post was the first printed newspaper in the territory.

**Montana Heritage Commission**

# Accomplishment Highlights

## Visitor Services

- Completed new restrooms in Nevada City
- Welcomed over 60,000 visitors to our site
- Offered new public access to buildings in Nevada City



- Managed 4 volunteer programs, with over 100 people and 1000s of hours of donated labor
- Produced new marketing materials



## Education

- Provided hands-on History Camp for kids
- Toured Montana Travel writers, free media for Montana Tourism
- Offering Montana's largest outdoor living history program
- Year-round school and tour programs
- Grant awarded from the History Channel
- University training programs



Protecting State-Owned Heritage Sites in  
Virginia City § Nevada City § Reeder's Alley

## Economic Development

- Opened 3 new lease spaces to private businesses
- Introduced additional housing options
- Started 2 new revenue businesses for MHC
- Completed significant maintenance on more than a dozen properties to ensure their long term economic use



## Preservation & Archaeology

- Completed archaeology for several new preservation projects
- Completed critical stabilization on 5 buildings
- Expanded University relations with the University of Oregon
- Received a private grant for the Gilbert Brewery



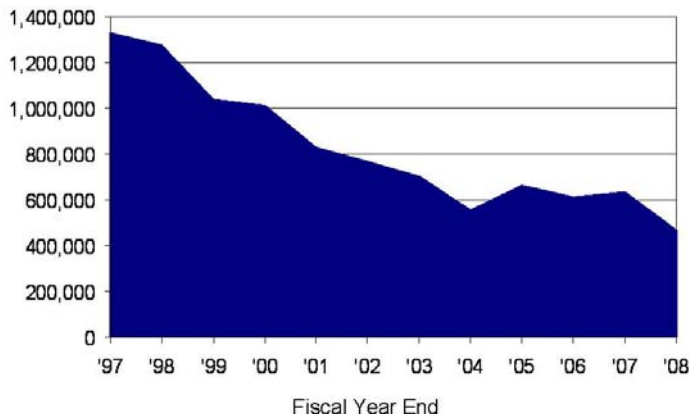
Montana Heritage Commission



# Financial Status And Trends

The Montana Heritage Commission (MHC) annual operating budget for FY 2009 is approximately \$1.4 million. State operations funding comes from a flat-fee (unchanged since 1998) of the accommodations tax (\$400k), and 25 cents from an optional car registration fee. Together, these raise approximately \$550k annually. The balance comes from earned revenue, long range building funds, grants and private donations.

**Montana Heritage Commission**  
Cumulative Cash Reserves  
1997 to 2008



MHC does not receive stable operational funding. Legislative and State agency mandates like pay increases, insurance, state fixed cost have increased annually. No additional state operating funds have been provided to MHC to cover these cost increases and annual inflation.

## Fundraising & Grant Awards 2007 & 2008

**\$10,000** - Save our History. The History Channel awarded a grant for MHC to link high school students in Ennis MT with those in Vermont to study Virginia City settlement.

**\$20,000** - The MT Preservation Alliance and the Kaplan Fund are funding building preservation efforts on the Gilbert Brewery.

**\$100,000** - MT History Foundation. Through private fundraising efforts the foundation has granted substantial support for education, preservation and conservation of state-owned resources.

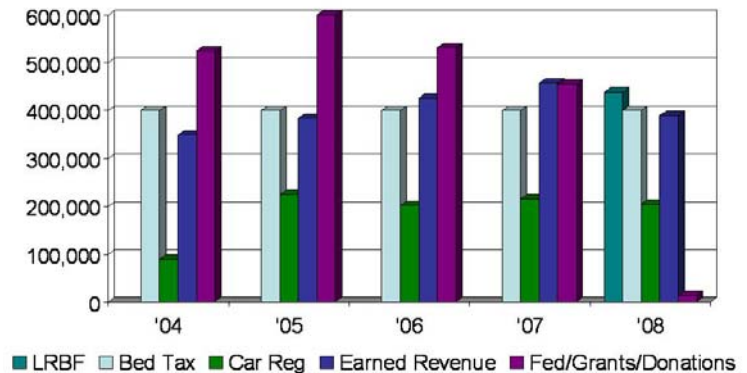
**\$15,000** - Membership and Donations. Through our own efforts we raise private funds to keep our organization saving and sharing Montana History.

**\$25,000** - Project contributions. Travel Montana, Gold West Country & MT History Foundation contributed to promotional DVD production.

**Protecting State-Owned Heritage Sites in  
Virginia City § Nevada City § Reeder's Alley**

## Montana Heritage Commission

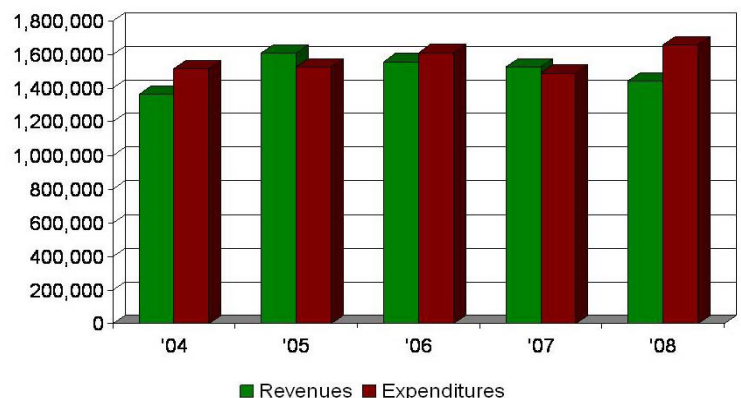
Revenues by Funding Source  
FY 2004—2008



Bed tax funds have been the same since 1998. Vehicle registration fees are declining. Earned revenue declined this year due to fuel prices and slowing economy. Federal grants/appropriations have been non-existent for the past two years.

## Montana Heritage Commission

Revenues vs. Expenditures  
FY 2004—2008



Expenditures often exceed revenues, requiring use of cash reserves to balance the budget. Cash reserves (shown on adjacent page) continue to decline.



**The State purchased  
the Virginia City assets  
for \$6.5 M in 1997.  
Today the appraised  
value of the properties  
has increased to an  
estimated \$28 million.**  
(appraised value for insurance)

Montana Heritage Commission

# The Montana Territory..... to Statehood

The Fairweather party discovered gold in Alder Gulch in 1863 and the town of Virginia City was quickly settled. Within two years a local governing body was established, streets were platted and significant buildings were built. Located in a high mountain ravine, the town sits about



"Contents" Corner 2nd floor served the territorial legislature from 1865 to 1875. Today it's been restored and holds MHC offices and a private business.

halfway between Ennis and Sheridan in Southwest Montana. At one time Virginia City was the largest city between Minneapolis and San Francisco and anchored many towns that lined the gulch in the miners' search for gold.

Many "firsts" occurred in Virginia City while the western territories

became states. The first territorial legislature, with no official building, took place in rented rooms around town creating the foundation of Montana's government. The legislature moved the state capital from Bannack to Virginia City in 1865, where it remained for the next ten years.

In 1875, Virginia City built the state's first county courthouse that still serves Madison County today.

While many of the miners may not have struck it rich, some of the merchants did reap financial rewards from their time at Alder Gulch. A wide variety of businesses clustered along lower Wallace and South Jackson streets, and residences were built along Idaho Street. Social and cultural organizations were established. A number of newspapers were published out of Virginia City, and several schools were founded. In 1866, Virginia City became the first town in Montana to get a telegraph. In 1868, Virginia City had some 1,200 buildings, only 237 major structures remain today. MHC manages about 1/2 of these buildings plus another 100 buildings at Nevada City, 1 mile north.



**Virginia City was designated a National Historic Landmark District in 1962, after the federal government recognized the area as nationally significant.**

**Protecting State-Owned Heritage Sites in  
Virginia City § Nevada City § Reeder's Alley**

In the 1890s the town lost population and went into a decline. Charles and Susan Bovey began amassing and preserving a huge collection of buildings and artifacts in Virginia and Nevada Cities in the 1940s. In fact, many of the buildings in Nevada City are rare historic structures from across Montana. Our automatic music machine collection (the world's largest open to the public) has gained national and international attention from skilled conservators and donors. These two town sites illustrate, from their building stock and the items in the artifact collection, the rich history of Montana and settling of the Western United States.



**The State of Montana purchased the Bovey properties in 1997. The 55<sup>th</sup> Montana Legislature established the Montana Heritage Preservation and Development Commission (MHC) to manage the preservation, maintenance and development of these historic resources.**

Assets include 160 acres of land, 248 buildings, and an estimated 1,000,000 artifacts in Virginia and Nevada Cities.

Reeder's Alley, a unique collection of historic properties in Last Chance Gulch was donated to the Montana Heritage Commission in 2002 by Darrell and Kathy Gustin. Located in Helena, Reeder's Alley is the last intact miner settlement of the Gulch that survived downtown Helena's Urban Renewal in the 1970s.



Reeder's Alley, Pioneer Cabin is the oldest log structure in Helena.

The oldest log residence in Helena, the Pioneer Cabin (circa 1864), was donated to the Montana Heritage Commission in August 2006. The Last Chance Gulch Restoration

Association made the donation along with endowment funds to help with long-term maintenance. The cabin adjoins our property at Reeder's Alley.

**Montana Heritage Commission**



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# Conservation of Historic Assets

Foundation  
work and  
structural  
stabilization  
continues on  
many buildings



As a sensitive  
National Historic  
Landmark district,  
archaeological  
monitoring is  
required on all  
ground disturbance

Preservation staff  
restore original  
windows in their  
shop



Americorps  
crews helping  
put the final  
touches on  
preservation  
of a historic  
home

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# Sale or Purchase of Property

In March 2008 the Montana Secretary of State formally adopted the MHC administrative rules authorizing the commission to sell real or personal property. This fulfills our statutory commitment outlined in MCA 22-3-1003 (8).

This is an important step to allow us to prioritize what assets are kept in public ownership, and which may be sold to private interest. A plan is underway to prioritize the potential sale of collections, buildings or vacant land that the commission believes may be better used or preserved in private ownership. To date, no property sale has occurred.

**No new property has been acquired this biennium, and none is planned.**

MHC Administrative Rules can be found on the state website sections 8.112.1, and 8.112.2.

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MHC cares for a diverse collection of artifacts that came with the purchase of Virginia and Nevada Cities in 1997. **In fact many of the light fixtures and the barrel vault ceiling that were part of the Capitol restoration, came from Virginia City collections.**

Our collection policies allow us to make transfers of collection items to like agencies, to benefit the public. Two such transfers under consideration currently include trolley parts for the restoration of the original City of Helena trolley car, and portions of the Chinese collections to the Mai Wah Society in Butte.

The commission is  
considering a potential loan  
of some of our Chinese  
collections to the Mai Wah



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**The Montana Heritage Commission runs a diverse organization with 16 staff, about 12 seasonal employees and many volunteers.**

- Tourism/visitor operations 7 days a week (May to Sept.)
- Railroad operations and tours
- Historic building preservation (260 buildings)
- Care and conservation of historic artifacts (est. 1 million items)
- Property / equipment maintenance (3 sites)
- Educational programs K-12, University partnerships
- National training programs
- Volunteer programs (Elderhostel, Americorps, private)
- Tenant and concessionaire property management
- Media / advertising
- Commission / Government relations
- Retail services
- Real estate management
- Fundraising and grant writing
- New program development
- Community events
- Largest Living History Program in Montana



Lt. Gov. John Bohlinger joins Elderhostel volunteers to repoint historic brick work at Reeder's Alley.

## **MONTANA HERITAGE COMMISSION**

**101 Reeder's Alley \* Helena MT 59601**  
**Phone: 406-449-6688**  
**Fax: 406-449-7081**  
**E-mail: [preichert2@mt.gov](mailto:preichert2@mt.gov)**  
**[www.virginiacitymt.com](http://www.virginiacitymt.com)**  
**[www.montanaheritagecommission.com](http://www.montanaheritagecommission.com)**

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